



Practical and Authoritative Analysis of Key National Issues

Canada Watch is a publication of the York University Centre for Public Law and Public Policy and the Robarts Centre for Canadian Studies of York University.

PRIME MINISTER PARIZEAU COMES TO NEW YORK CITY

by Stephen Blank

Prime Minister Parizeau spoke to a "Wall Street audience" at the Americas Society yesterday. Afterward, reporters accompanying him grilled guests on how they felt about a separate Quebec. That was the wrong question. Obviously, no one wants to see Canada divided, but Quebec independence is not really the issue.

Americans do not believe Quebec will leave Canada — and the idea bruited about here recently by an Ontario MP that America's failure to squeeze Quebec would signal

our ultimate aim of grabbing Canadian territory or resources is truly absurd. They are optimistic that Canadians will come to some sort of accommodation as they always have. But American interests are not directly challenged by whether Canada's constitution is changed, by whether Quebec or other provinces create a new relationship with Ottawa or with each other — or even by Quebec independence.

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PREMIER PARIZEAU'S PROJECT: A VERY CANADIAN NATIONAL INDEPENDENCE MOVEMENT

by David Cameron

In a document tabled in the National Assembly on December 6, Premier Jacques Parizeau said that Quebec's Declaration of Sovereignty will be modeled on the American Declaration of Independence.

Really?

The American document was adopted by the Continental Congress on July 4, 1776, in the early

stages of a six-year war in which the American colonists fought for their liberty from Great Britain. The American colonists, acknowledging that prudence dictates "that Governments long established should not be changed for light and transient causes," asserted that "when it

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VOLUME 3, NUMBER 3
NOVEMBER/DECEMBER
1994

Single Copy \$5.00

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A CONTINENTAL ECONOMY

American interests lie in maintaining the integrity of North American free trade and in ensuring monetary stability and the stability of financial markets in North America. America has profound interests in enhancing North American competitiveness in global markets — "North American" because US and Canadian firms increasingly compete globally on a North American basis. We have a fundamental interest in defending and advancing free trade against the rising forces of protectionism within our own countries.

The events of the past few weeks will have a major impact on the environment in which Quebec sovereignty is resolved and on how others, including Americans, view these developments. *The Perils of Pauline* Uruguay Round of GATT is a reality. The World Trade Organization, despite enormous uncertainties, is coming off the drawing board. Members of APEC, including the United States and Canada, agreed to remove trade and investment barriers in the next quarter century in a region that already makes up 40 percent of world trade and one half of the world economy. And the 34 western hemisphere heads of government who attended the Summit of the Americas in Miami this past week committed themselves to a new Free Trade Area of the Americas (FTAA) by 2005.

Much of this, admittedly, is smoke and mirrors, and more remains to be done than has been accomplished. But our Wall Street friends are thinking much more about these developments than about Quebec separation.

Some people who attended the meeting — myself among them — believe that a new economic and political system is emerging in North America (and in Europe and, to a

lesser, in East Asia). National sovereignty is being unbundled both upward and downward. Markets no longer conform to national boundaries and new sets of rules overarch national sovereignty — while at the same time competitive advantage increasingly clusters in subnational cross-border regions. In 1982, an economic map of North America would have shown basically three national economies defined by national borders. Today, an economic map of North America would show an increasingly integrated continental economy.

"For Canadians to seek to isolate Quebec and exclude it from Canadian and continental free trade is entirely counterproductive; however, it is Mr. Parizeau's calm certainty that at the end of the day Canadians will act in their own best economic interests that sends them through the roof..."

All countries are dealing with how this new relationship between markets, rules, and regions will be organized. The most likely outcome will be greater decentralization and regionalization within a complex, multi-level system of rules and authorities — not just in Canada, but in every advanced industrial nation.

BRINKSMANSHIP: CANADIAN STYLE

Given this perspective, outsiders have a hard time understanding what is going on today in Canada.

Parizeau's position remains enigmatic. He calls for Quebec sovereignty, but clearly acknowledges the limitations to that sovereignty: shared monetary arrangements with Canada (increasingly shared with the United States as well); common passports; and the rules of free trade with the

rest of Canada, CUSFTA, NAFTA, GATT and so on. The nuance is elusive.

The initial response from the rest of Canada is, if anything, more puzzling. The temptation to sling threats at Quebec is understandable. Parizeau irritates the hell out of other Canadians, but blithely assumes that they will go along with his plans for financial and monetary cohabitation. The same goes for trade.

But Canada's main interests in the CUSFTA, NAFTA and FTAA are clear. One is to strengthen Canadian export performance by pushing trade liberalization and economic integration forward on the widest possible front. With regard to the US, Canada's key concern lies in what Roy MacLaren calls the "black hole" at the core of CUSFTA and NAFTA — the lack of common trade laws. Canada's interest is to build a network of hemispheric trade commitments around the United States, not only to pre-empt the dreaded hub-and-spoke system, but to weave a fabric of common practices, policies, and laws that will limit American unilateralism.

For Canadians to seek to isolate Quebec and exclude it from Canadian and continental free trade is entirely counterproductive; however, it is Mr. Parizeau's calm certainty that at the end of the day Canadians will act in their own best economic interests that sends them through the roof and leads to threats that they will pull down the temple around their own ears.

The uncertainty that threats and counter-threats produce intensifies concern about deficits. What foreigners want to know is that political developments in Canada will not diminish anyone's capacity to deal with these obligations or to put Canada's financial house back in order.

C.D. Howe's Bill Robson observes that many legal and financial

problems that would arise from constitutional changes could be resolved if there is a real desire to solve them. But it is difficult to find this will in Canada at the present time.

This is the issue that Americans have the hardest time coming to terms with. Those who have been up the Meech and Charlottetown hills and down again do not understand why no one is talking, or why the federal government seems unwilling to present a counterproposal to sovereignty particularly when, as Daniel Latouche wrote in the last issue of *Canada Watch*, "the absence of such an alternative is one of the most potent weapons in the hands of the PQ."

Several explanations are available. Latouche and Lucien Bouchard say that Ottawa's more fundamental objective is to re-centralize political power in Canada. Another view is that this is a Quebec-Canadian kind of brinkmanship.

A more straightforward explanation, however, focuses on the exhaustion of elites in Canada. Elites across Canada, including Quebec, exhausted by the search for accommodation, terrified of the political reaction if they should dare raise the issue of the constitution once again, fearful about the economic outlook

and the impact of free trade, alarmed at unemployment levels and deeply discouraged by prospects for young people, have concluded that the time for symbolic solutions is over. Somehow, after all these years, the boil must be lanced.

This pressure for clarity and closure, driven by impatience and exhaustion, may be dangerous and unnecessary. Massive, profound changes are now under way in Canada's, and North America's, economic and political infrastructure.

It would be remarkable, to say the least, if Canadian leaders, renowned for their ability to effect compromise, now conclude that they can no longer tolerate ambiguity and that the one issue that has structured the history of Canada must be at last resolved. Even more ironic, if at the very moment of tremendous change in Canada and all of North America, Canadian leaders should actually force the division of the country.

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becomes necessary for one people to dissolve the political bonds which have connected them with another ... , a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation."

What were these causes? More than two dozen specific evils and abuses are listed, all of them demonstrating to the satisfaction of the Continental Congress that "the history of the present King of Great Britain is a history of repeated injuries and usurpations, all having in direct object the establishment of an absolute Tyranny over these States." These are not peccadilloes; they are black political sins. A few examples:

- the repeated dissolution of legislatures and the refusal to hold elections;
- the obstruction of justice;
- the keeping of standing armies, in times of peace, without civil consent;
- cutting off trade with other parts of the world, imposing taxes on the people without their consent, the denial of trial by jury; and

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**Volume 3, Number 3
November/December 1994**

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Production

WordsWorth Communications

Canada Watch is produced jointly by the York University Centre for Public Law and Public Policy: Phone (416) 736-5515, Fax (416) 736-5546 and the Robarts Centre for Canadian Studies of York University: Phone (416) 736-5499, Fax (416) 736-5739.

ISSN 1191-7733

Subscription Information

Canada Watch is published eight times per year. Subscription rates effective this issue are as follows:

Institutions	\$75.00
Individuals	\$35.00
Students	\$20.00

(Outside Canada add \$10.00)

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Printed in Canada